

State of California—Health and Human Services Agency
Department of Health Services



ARNOLD SCHWARZENEGGER
Governor

December 15, 2006

To Whom It May Concern:

This letter is being sent to inform you that the Women, Infants and Children (WIC) Supplemental Nutrition Program recently implemented new federal requirements that changed the way WIC food checks are issued and paid. As a result, the volume of rejected WIC checks has increased. Several retail food vendors have notified us that they are experiencing costly bank fees and other penalties due to the returned checks. We ask that your bank consider waiving or reducing the bank fees or other penalties that may apply to a WIC vendor's account during this period of transition.

Background: WIC is a 100 percent federally funded program for low-income women who are pregnant or breastfeeding and for children under age five who are at nutritional risk. WIC provides nutritious foods, nutrition education, breastfeeding promotion and referrals to health and social services programs. In California, over 1.35 million WIC participants receive food checks from 671 WIC local offices each month. Each month, WIC issues over 6 million food checks with food types and quantities that are based on the needs of the individual participants. The checks may be used to purchase foods such as milk, eggs, cheese, cereal and infant formula at 3,700 authorized retail food vendors throughout California. WIC purchases nearly \$75 million dollars of food at these California stores each month.

Program Changes: New federal law and regulations require states to establish different maximum reimbursement rates for different types of retail food vendors, as well as to provide program participants with WIC checks that can be used at any authorized food vendor in the state. Under these new changes, all WIC checks are payable to any "WIC Authorized Vendor", and the vendors must provide WIC with the serial number from each WIC check they redeem prior to depositing the checks in their bank. They may submit the serial numbers through one of several methods established by WIC. Without this check serial number, WIC is not able to authorize the State Treasurer's Office (STO) to make a payment to the vendor for the check. Additionally, because the maximum reimbursement rate for the food provided on the check varies based on the type of vendor that redeemed it, the rate is no longer printed on the check. The maximum rate for each check is determined and provided to the STO when the vendor submits the check's serial number.

To Whom It May Concern:
Page 2
December 15, 2006

Payment for Returned Checks: Please be aware that when vendors experience a rejected WIC check, they can re-submit it to WIC for payment as follows:

1. If the vendor did not submit the WIC check's serial number before it was deposited, the vendor can submit the serial number and redeposit the check for payment. Checks that were deposited prior to the vendor submitting the serial number are stamped "Vendor Exceeds Max Amount" because they have no value until the serial number is submitted.
2. If the WIC check is returned to the vendor with an "Exceeds Max Amount" stamp, it has been rejected because the vendor's price for the WIC food exceeds the amount WIC can pay. Vendors can adjust the price of a check returned for this reason to an amount within the WIC allowable rate and redeposit it for payment.
3. If the WIC check is returned to the vendor with a "Payment Stopped (current date), State Treasurer's Office" stamp, the vendor may request payment consideration for it by writing to the WIC Program.

As mentioned above, we understand that your bank and others may have experienced an increase in rejected WIC checks since November 1, 2006 when we implemented the new process. While we provided advance notice and training for food vendors, some have experienced problems with submitting the checks correctly. In some cases, rejected checks have occurred due to unanticipated technical problems with electronic files. We are working quickly to resolve each technical problem as it comes to our attention and expect the volume of rejected checks to decrease as vendors adjust to the changes. We anticipate that the transition to the new process will continue through January 31, 2007.

Your banking institution is an important link in the WIC reimbursement process. We apologize for any increase in workload that your bank is experiencing due to rejected WIC checks and appreciate your tolerance. We will also appreciate any consideration related to fees or penalties for returned WIC checks that you can extend to your customers who are WIC vendors while we and the vendors adjust to the new reimbursement process. If we can answer any questions regarding these changes or this request, please contact the following WIC staff:

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To Whom It May Concern:
Page 3
December 15, 2006

Sincerely,

ORIGINAL SIGNED BY

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Supplemental Nutrition Branch